



HOUSE OF ASSEMBLY MANAGEMENT COMMISSION

2012 ANNUAL REPORT

MESSAGE FROM THE SPEAKER

As Speaker of the Nova Scotia House of Assembly and Chair of the House of Assembly Management Commission, I am pleased to present the Annual Report for the House of Assembly Management Commission for the calendar year January 1 to December 31, 2012.

This Report sets out the decisions and activities of the Management Commission as required by Section 11 of the *House of Assembly Management Commission Act*.

The 2011 Annual Report did not include the 2011 audited financial information for the House of Assembly as the audit was underway but not completed. This Report contains the audited financial statements for the fiscal year ending March 31, 2011 and for the fiscal year ending March 31, 2012 as prepared by the Auditor General.

The Management Commission has worked diligently to meet its mandate as set out in legislation during the past year.

I would like to thank the members of the Management Commission, the members of the Audit Committee as well as the employees of the House of Assembly for their work during the 2012 calendar year.

Hon. Gordie Gosse, Jr.

Speaker of the House of Assembly

Chair, House of Assembly Management Commission

Date: January 29th, 2013

Purpose of the House of Assembly Management Commission

The House of Assembly Management Commission (the Management Commission) was established pursuant to Section 3 of the **House of Assembly Management Commission Act** (the **Act**).

The purpose of the Management Commission is to oversee the financial operation of the House of Assembly. The duties of the Commission are set out at subsection 11(1) of the **Act**:

11 (1) The Commission is responsible for the financial stewardship of all public money that may be voted by the House of Assembly for the use and operation of the Assembly, and for all matters of financial and administrative policy affecting the Assembly and its members, offices and staff and in connection with them and, in particular, the Commission shall

- (a) monitor the expenditures of the Assembly;*
- (b) review and approve the administrative, financial, human-resource and management policies and procedures of the Assembly offices;*
- (c) implement and periodically review and update financial and management policies applicable to the Assembly offices;*
- (d) give directions with respect to matters that the Commission considers necessary for the efficient and effective operation of the Assembly offices;*
- (e) make and keep current regulations respecting the proper administration of allowances for members of the Assembly and reimbursement and payment of their expenditures;*
- (f) annually report, in writing, to the House of Assembly, through the Chair, with respect to its decisions and activities; and*
- (g) exercise other powers given to the Commission and perform other duties imposed on the Commission under this or another Act.*

Clause 11(1)(f) of the **Act** requires the Commission to report annually of its decisions and activities. This report is the annual report on the decisions and activities of the Management Commission for the calendar year January 1 to December 31, 2012.

In carrying out its duties, the Management Commission is greatly assisted by the work of its Audit Committee. The duties of the Audit Committee are set out at subsection 18(1) of the **Act**:

18 (1) *The Audit Committee shall*

(a) provide assistance to the Commission in fulfilling its oversight responsibility to the House of Assembly and the public with respect to stewardship of public money;

(b) make recommendations to the Commission respecting the choice of and terms of engagement and compensation of the auditor appointed under Section 22;

(c) review the audit plans of the auditor, including the general approach, scope and areas subject to risk of material misstatement;

(d) review the financial statements, audit report and recommendations of the auditor and give advice about them to the Commission, including, where the Committee considers it appropriate, recommending that the Commission approve and sign the financial statements;

(e) review the compliance report issued and recommendations, if any, provided by the Auditor General as a result of a compliance audit conducted under Section 23 and give advice on that report and those recommendations to the Commission;

(f) review internal audit reports and make recommendations to the Commission as required in respect of matters arising from those reports and generally make recommendations with respect to internal audit procedures of the Assembly;

(g) review with the Chief Clerk the effectiveness of internal control and other financial matters, as well as compliance with legal requirements respecting accountability, record-keeping, tendering and conflict of interest in the Assembly offices;

(h) establish procedures for the receipt and treatment of complaints regarding accounting and internal controls, and the confidential submission by staff of the Assembly offices and by members of the public service of concerns regarding questionable accounting or auditing matters;

(i) use reasonable efforts to satisfy themselves as to the integrity of the Assembly's financial information systems and the competence of accounting personnel and senior financial management responsible for accounting and financial reporting;

(j) review disclosure practices of the Commission to ensure full, plain and timely disclosure of its decisions respecting financial matters; and

(k) act on, advise and report on other matters relating to the financial affairs of the Assembly as may be required by the Commission.

The Audit Committee is established pursuant to Section 15 of the **Act**. There are four members of the Audit Committee: Mr Lauchlin McKenzie FCA (Chair) retired from KPMG and Mr Leo Gallant FCA, Dean of Business at St. F.X. University, neither of these members are MLAs but residents of Nova Scotia with demonstrated knowledge and experience in financial matters selected by the Chief Justice of Nova Scotia as required at clause 15(2)(b) of the **Act**, and Hon. Michel Samson and Hon. Maurice Smith, both members of the Management Commission, selected by the Management Commission as required by clause 15(2)(a) of the **Act**. The Chief Clerk is the secretary of the Audit Committee as set out at Section 17 of the **Act**.

Composition of the House of Assembly Management Commission

The composition of the Management Commission, as set out at subsection 3(2) of the **Act** is: The Speaker (the Chair), the Deputy Speaker, the Government House Leader, two additional members of the Government Caucus (of whom only one may be a member of the Executive Council), the official opposition house leader, one additional member of the official opposition caucus and one member of the caucus of each other recognized party.

At present there are eight members of the Commission. The Chief Clerk is a non-voting member and secretary of the Management Commission. For the reporting period the membership of the Management Commission included:

Hon. Gordie Gosse, Jr., Speaker

Ms. Becky Kent, Deputy Speaker

Hon. Frank Corbett, Government House Leader

Ms. Pam Birdsall, member of the Government Caucus

Hon. Maurice Smith, member of the Government Caucus

Hon. Manning MacDonald, Official Opposition house leader (for the meeting of January 24, 2012)

Hon. Michel Samson, Official Opposition house leader (for the meetings of March 28 and December 19, 2012)

Mr. Andrew Younger, member of the Official Opposition Caucus

Hon. Chris d'Entremont, member of the PC Caucus

Meetings of the House of Assembly Management Commission

The Management Commission met on the following dates during the reporting period.

January 24, 2012

March 28, 2012

December 19, 2012

In accordance with subsection 8(3) of the **Act**, following each meeting the Chief Clerk prepares for consideration and approval by the Management Commission at its next meeting, the minutes containing the substance of all decisions of the Management Commission. The minutes as approved by the Management Commission along with the Hansard transcribed recordings of the meetings are posted on the House of Assembly website. The address is: <http://nslegislature.ca>

The Management Commission held *in camera* meetings as provided for by subsection 9(1) of the **Act** to discuss personnel matters, potential litigation, legal advice and matters protected by privacy and data protection law as follows:

March 28, 2012

A twenty-two minute *in camera* meeting was held during which the following two decisions were made by the Management Commission:

- 1) approval for continued discussions between the Chief Clerk, the Director of Administration and the Public Service Commission (PSC) to adjust the EC ratings for the House of Assembly employee positions; and
- 2) approval on an interim basis of the EC position ratings assigned in the document of March 21, 2012 by the PSC with eligible employees being granted retroactive pay increases, if applicable, to April 1, 2008.

December 19, 2012

A thirty-four minute *in camera* meeting was held to approve the EC ratings and salaries for the House of Assembly employees.

Meetings of the Audit Committee

The Audit Committee met on the following dates during the reporting period.

January 31, 2012

March 27, 2012

October 17, 2012

November 27, 2012

As required by subsection 18(3) of the **Act**, the Audit Committee reported formally on January 29, 2013, to the Management Commission as follows:

1) At the January 31, 2012 meeting, the audit plan for the year ending 2011 was presented and discussed by representatives from the Office of the Auditor General – there are three components to the audit – a) the financial statements, b) compliance with the House of Assembly Management Act and c) the Chief Clerk’s assessment of the effectiveness of internal controls and whether the internal controls are operating efficiently. The committee was informed that the draft financial statements for the year ending March 31, 2011 had been completed and a preliminary report from Ernst & Young was expected regarding the Chief Clerk’s certification.

The committee was informed that a draft procedure for receiving and processing complaints received pursuant to clause 18(1)(h) of the **House of Assembly Management Commission Act** was being prepared, for the committee’s consideration at a future meeting, to parallel where possible the **Public Interest Disclosure of Wrongdoing Act** which was proclaimed into force on December 20, 2011.

The members also discussed the requirement that the Chief Clerk provide an opinion as to his assessment of the effectiveness of the internal controls as part of the audit process.

The Quarterly Report of MLA expenses was reviewed and found to be in order.

2) At the March 27, 2012 meeting, the Audit Committee recommended to the House of Assembly Management Commission that the Nova Scotia Auditor General be appointed as auditor of the accounts of the House of Assembly for the 2011-2012 fiscal year ending March 31, 2012.

A draft procedure for receiving and processing complaints received pursuant to clause 18(1)(h) of the **House of Assembly Management Commission Act** was distributed and discussed.

An audit update was provided - due to some issues arising with the Ernst & Young report regarding the scope of the Chief Clerk’s assessment of the effectiveness of internal controls and

whether the internal controls are operating efficiently as required by legislation the audit was not proceeding as quickly as expected. A draft certification letter was discussed by the committee and found to be acceptable.

3) At the October 17, 2012 meeting it was noted that one of the challenges in preparing the first set of financial statements for the House of Assembly related to the fixed assets and more particularly their existence and location.

The Audit Committee discussed the Ernst & Young external review of internal controls. Representatives from the Office of the Auditor General advised that they would prefer a broader scope to the external review in the future, however the opinion for the April 1, 2011 to March 31, 2012 period is acceptable for the Office to continue its auditing work. The draft Audit Plan contains a follow-up to the initial February 2010 Auditor General report on the House of Assembly as it relates to implementation of the recommendations.

The Audit Committee adopted a Complaints Procedure for receiving and processing complaints received pursuant to clause 18(1)(h) of the **House of Assembly Management Commission Act** which parallels as much as possible the process set out in the **Public Interest Disclosure of Wrongdoing Act**.

The Quarterly Report of MLA expenses was reviewed and found to be in order.

4) At the November 27, 2012 meeting representatives from the Office of the Auditor General advised that the financial statements for the fiscal year ending March 31, 2011 and for the fiscal year ending March 31, 2012 would be available shortly as all the ground work and analysis had been completed. The Auditor General will rely on the compliance with the **House of Assembly Management Commission Regulations** opinion provided by the Chief Clerk as prepared by Ernst & Young for the time period June 9, 2010 to March 31, 2011.

The Assistant Auditor General commented positively on the manner in which staff and elected officials had responded in making improvements to respond to the matters of concern raised in the Auditor General's February 2010 report and in particular putting in place the **House of Assembly Management Commission Act** and the **House of Assembly Management Commission Regulations**.

The draft management letter recommendations were reviewed and it was noted that they will require response from the committee, which response will be included in the Auditor General's Compliance Report.

Activities and Decisions of the House of Assembly Management Commission

At the January 24, 2012 meeting, the Management Commission:

- a) reviewed the third quarter financial update;
- b) received audit updates;
- c) adopted the House of Assembly Management Commission 2011 annual report and directed the Speaker table the report in the House of Assembly; and
- d) approved the Select Boundaries Committee budget in the amount of \$42,064.16.

At the March 28, 2012 meeting, the Management Commission:

- a) approved the recommendation of the Commission's Audit Committee and appointed the Nova Scotia Auditor General as the auditor of the House of Assembly accounts for the fiscal year ending March 31, 2012 pursuant to Section 22 of the ***House of Assembly Management Commission Act***;
- b) received audit updates; and
- c) approved the preparation of a standing offer to receive proposals for various options for constituency office security.

At the December 19, 2012 meeting, the Management Commission:

- a) repealed subsection 42(3) of the ***House of Assembly Management Commission Regulations***;
- b) approved an amendment to subsection 7(1) of the ***House of Assembly Management Commission Regulations*** – that “thirty” in the last line be substituted by “ninety”;
- c) approved the Nova Scotia House of Assembly Financial Statements March 31, 2011 and the House of Assembly Financial Statements March 31, 2012;

- d) approved the recommendation of the Commission's Audit Committee and appointed the Nova Scotia Auditor General as the auditor of the House of Assembly accounts for the fiscal year ending March 31, 2013 pursuant to Section 22 of the ***House of Assembly Management Commission Regulations***; and
- e) reviewed the annual adjustment of a 2% increase effective April 1, 2012 to the fixed amounts set out in the House of ***Assembly Management Commission Regulations*** as required by subsection 52(1) of the ***House of Assembly Management Commission Regulations*** on the basis that the Nova Scotia CPI was 2.6% and the core CPI for Canada was 2%.

Audited Financial Statements

The financial information for the year ending March 31, 2011 was not available when the 2011 Annual Report was prepared. Attached to this Annual Report as Appendix 1 are the Nova Scotia House of Assembly Financial Statements dated March 31, 2011 and as Appendix 2 are the Nova Scotia House of Assembly Financial Statements dated March 31, 2012.

**APPENDIX 1 – NOVA SCOTIA HOUSE OF ASSEMBLY FINANCIAL
STATEMENTS – MARCH 31, 2011**

**APPENDIX 2 – NOVA SCOTIA HOUSE OF ASSEMBLY FINANCIAL
STATEMENTS – MARCH 31, 2012**

**NOVA SCOTIA HOUSE OF ASSEMBLY
FINANCIAL STATEMENTS
MARCH 31, 2011**

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CONTENTS

	Page
Statement of Responsibility	3
Independent Auditor's Report	4
Statement of Financial Position	6
Statement of Operations	7
Statement of Changes in Net Debt	8
Notes to the Financial Statements	9

STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS OF THE NOVA SCOTIA HOUSE OF ASSEMBLY

Responsibility for the integrity, objectivity and fair presentation of the financial statements of the Nova Scotia House of Assembly rests with the House of Assembly Management Commission. These financial statements are prepared on behalf of the House of Assembly in accordance with Section 22 of the *House of Assembly Management Commission Act* and the accounting principles recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants (CICA).

The financial statements include a Statement of Financial Position, a Statement of Operations, and a Statement of Change in Net Debt. They present fairly, in all material respects, the financial position and the results of operations for the year ended.

The House of Assembly Management Commission is responsible for maintaining a system of internal accounting and administrative controls in order to provide reasonable assurance that transactions are appropriately authorized, assets are safeguarded, and financial records are properly maintained.

Under the mandate in Section 22 of the *House of Assembly Management Commission Act*, the Auditor General provides an independent opinion on the financial statements as prepared by the House of Assembly Management Commission.

Honorable Gordie Gosse
Speaker
Nova Scotia House of Assembly



Office of the Auditor General

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INDEPENDENT AUDITOR'S REPORT

To the Chair of the House of Assembly Management Commission:

Report on the Financial Statements

I have audited the accompanying financial statements of the Nova Scotia House of Assembly, which comprise the statement of financial position as at March 31, 2011, and the statements of operations, and changes in net debt for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error except as explained below.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. Except as explained below, I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards required that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

We were not engaged to perform an audit on the prior year's figures. Had we conducted an audit on the prior year's figures, we might have determined adjustments to be necessary to the current year's figures for revenue, expenses, and financial position.

INDEPENDENT AUDITOR'S REPORT (continued)

Qualified Opinion

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Nova Scotia House of Assembly as at March 31, 2011, and its financial performance and its net debt for the year then ended in accordance with Canadian public sector accounting principles.

Jacques Lapointe, CA
Auditor General

December 19, 2012
Halifax, Nova Scotia

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PROVINCE OF NOVA SCOTIA
NOVA SCOTIA HOUSE OF ASSEMBLY
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2011

	2011
Financial Assets	
Cash	\$ 3,000
Accounts receivable	1,310
Due from the General Revenue Fund	<u>850,690</u>
	<u>855,000</u>
 Liabilities	
Accounts payable and accrued liabilities	<u>1,475,523</u>
Net Debt	<u>(620,523)</u>
 Non-financial Assets	
Prepaid expenses	34,336
Tangible capital assets (Note 3)	<u>586,187</u>
	<u>620,523</u>
Accumulated Surplus (Deficit)	<u>\$ -</u>

Commitments and Contractual Obligations (Note 4)

Approved

Chair, House of Assembly Management Commission

See accompanying notes to the financial statements.

**PROVINCE OF NOVA SCOTIA
NOVA SCOTIA HOUSE OF ASSEMBLY
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2011**

	2011 Budget	2011 Actual
Revenues		
Government contributions (Note 5)	\$ 24,101,000	\$ 20,977,713
Recoveries	<u>-</u>	<u>138,877</u>
	<u>24,101,000</u>	<u>21,116,590</u>
Expenses		
Advertising	94,600	411,992
Amortization (Note 2)	2,000	119,962
Auto operation & maintenance	21,600	12,636
Bank fees & charges	-	2,271
Building maintenance	-	174,156
Capital purchases (Note 2)	251,100	102,274
Data processing	10,000	8,106
Equipment & IT repairs and maintenance	65,900	67,881
Grants and contributions	40,000	-
Insurance	7,700	12,036
Office supplies	1,114,400	529,115
Operating supplies	70,200	56,588
Other	3,423,900	624,991
Other services	37,500	49,331
Printing	-	8,049
Professional services	295,000	391,923
Rentals and leases	654,300	1,222,999
Salaries and employee benefits	16,381,400	15,685,415
Staff training	28,500	22,029
Telecommunications	165,500	461,351
Travel	1,452,400	1,119,392
Utilities	-	34,093
Less: chargeables	<u>(15,000)</u>	<u>-</u>
	<u>24,101,000</u>	<u>21,116,590</u>
Operating Surplus (Deficit)	-	-
Accumulated Surplus, beginning of year	<u>-</u>	<u>-</u>
Accumulated Surplus, end of year	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the financial statements.

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA HOUSE OF ASSEMBLY
STATEMENT OF CHANGES IN NET DEBT
FOR THE YEAR ENDED MARCH 31, 2011

	2011
Net Debt , beginning of year (unaudited)	\$ <u>(643,056)</u>
Changes during the year	
Acquisition of tangible capital assets	(113,674)
Amortization of tangible capital assets	119,962
Net change in prepaid assets	<u>16,245</u>
Decrease in Net Debt	<u>22,533</u>
Net Debt , end of year	\$ <u><u>(620,523)</u></u>

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See accompanying notes to the financial statements.

1. Purpose

The House of Assembly is the legislative branch of the provincial Government of Nova Scotia, Canada. The Speaker presides over the proceedings of the Assembly and has jurisdiction over all matters concerning Province House, including operations and administration. There are 52 Members of the House of Assembly (MLAs) representing 52 electoral districts. House of Assembly divisions included in these financial statements are the three Caucus Offices, Leaders Offices, Hansard Services, Legislative TV, Legislative Library, House of Assembly Operations, Legislative Counsel, and Government House. The Office is also accountable for the payment of all Indemnities, Allowances and Expenses for the Members of the House of Assembly and Members of the Executive Council as provided for by legislation, regulation and government policy.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for the public sector. The following are significant accounting policies adopted by the House.

(a) Use of Estimates

The presentation of financial statements, in conformity with Canadian generally accepted accounting principles for the public sector, requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from management's best estimates as additional information becomes available in the future.

(b) Revenue Recognition

Revenues are recognized as earned, once the following conditions have been met:

- a) the item has an appropriate basis of measurement, and a reasonable estimate can be made of the amount involved; and
- b) for an item that involves obtaining future economic benefits, it is expected that such benefits will be obtained.

(c) Harmonized Sales Tax

The House does not record in its financial statements any expense for Harmonized Sales Tax (HST) as all HST paid is reimbursed to the Province.

(d) Capital Purchases

Assets with an individual cost greater than or equal to \$1,000 are capitalized and amortized over their useful lives. Those assets with a cost less than \$1,000 are expensed on the statement of operations.

2. Significant Accounting Policies (continued)

(e) Amortization

Furniture and equipment and computer hardware and software are stated at cost and amortized on a straight-line basis over their estimated useful lives.

- Furniture and Equipment - 10 years
- Computer Hardware and Software - 3 years

(f) Statement of Cash Flows

A statement of cash flows is not provided in these statements as disclosures in the statements of financial position and operations are considered adequate.

(g) Comparative Figures

2010-2011 is the first year for which a complete set of financial statements has been prepared for the Nova Scotia House of Assembly. Accordingly, there are no comparative figures for the year ended March 31, 2010.

3. Tangible Capital Assets

	Cost	2011 Accumulated amortization	Net Book Value
Furniture and equipment	\$ 940,575	\$ 425,576	\$ 514,999
Computer hardware and software	<u>623,803</u>	<u>552,615</u>	<u>71,188</u>
	<u>\$ 1,564,378</u>	<u>\$ 978,191</u>	<u>\$ 586,187</u>

4. Commitments and Contractual Obligations

Office Space: The Government of Nova Scotia has entered into a number of lease agreements for office space for operations of the House of Assembly. The following indicates the various lease terms as well as the associated costs, for the next five fiscal years.

	Start Date	End Date	2012	2013	2014	2015	2016
Independent Office Roy Building	May 1, 2010	Oct 31, 2011	\$ 3,850	\$ -	\$ -	\$ -	\$ -
Liberal Caucus BMO Building	Sep 1, 1998	Nov 30, 2013	187,174	187,174	124,783	-	-
NDP Caucus Centennial Building	Apr 1, 1994	Feb 29, 2012	188,803	173,070	-	-	-
PC Caucus Centennial Building	Apr 1, 1994	Nov 30, 2011	45,227	-	-	-	-
			<u>\$425,054</u>	<u>\$360,244</u>	<u>\$124,783</u>	<u>\$ -</u>	<u>\$ -</u>

4. Commitments and Contractual Obligations (continued)

Copier Equipment: In addition to office space, the House also has a number of copier equipment leases. The following provides a schedule of the costs for the next five fiscal years:

	2012	2013	2014	2015	2016
Various copier leases	\$ 10,297	\$ 2,925	\$ 1,924	\$ -	\$ -

5. Government Contributions

Appropriations are the principal means by which entities that do not maintain operations from the sale of goods or services to parties outside the government obtain funding. Therefore, certain amounts paid out of the General Revenue Fund of the Province of Nova Scotia, on behalf of the House, are recognized as revenue rather than a liability as there is no intention for the House to repay the fund at a future date.

6. Pensions

Members of the Legislative Assembly (MLA) Pension Plan

Pursuant to Section 11 of the Members' Retiring Allowances Act, all members of the House of Assembly are eligible for a retirement allowance under the MLA pension plan after meeting certain conditions set out therein. The plan is funded by employee and employer contributions. Employer contributions are included in the House's operating expenses in the amount of \$525,099.

Public Service Superannuation Plan

All employees of the House are entitled to receive pension benefits under the Province of Nova Scotia Public Service Superannuation Act. The plan is funded by equal employee and employer contributions. The employer contributions are included in the House's operating expenses in the amount of \$571,285. The House is not responsible for any unfunded liability with respect to the Members' Retirement Allowance Fund and the Superannuation Fund.

7. Related Party Transactions

The House of Assembly is related to all other government departments, agencies, boards and commissions included in the Province of Nova Scotia's consolidated financial statements. Its primary source of funding is through the payment of its expenses from the General Revenue Fund. Included in these statements is a receivable from the Fund in the amount of \$850,690.

Not reflected in these statements are contributed services from the General Revenue Fund. These include such things as the cost of central administrative services; use of government buildings; corporate payables and payroll deductions; and centralized cash flow management and banking.

**NOVA SCOTIA HOUSE OF ASSEMBLY
FINANCIAL STATEMENTS
MARCH 31, 2012**

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CONTENTS

	Page
Statement of Responsibility	3
Independent Auditor's Report	4
Statement of Financial Position	5
Statement of Operations	6
Statement of Changes in Net Debt	7
Notes to the Financial Statements	8

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The financial statements include a Statement of Financial Position, a Statement of Operations, and a Statement of Changes in Net Debt. They present fairly, in all material respects, the financial position and the results of operations for the year ended.

The House of Assembly Management Commission is responsible for maintaining a system of internal accounting and administrative controls in order to provide reasonable assurance that transactions are appropriately authorized, assets are safeguarded, and financial records are properly maintained.

Under the mandate in Section 22 of the *House of Assembly Management Commission Act*, the Auditor General provides an independent opinion on the financial statements as prepared by the House of Assembly Management Commission.

Honorable Gordie Gosse
Speaker
Nova Scotia House of Assembly

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INDEPENDENT AUDITOR'S REPORT

To the Chair of the House of Assembly Management Commission:

Report on the Financial Statements

I have audited the accompanying financial statements of the Nova Scotia House of Assembly, which comprise the statement of financial position as at March 31, 2012, and the statements of operations, and changes in net debt for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards required that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Nova Scotia House of Assembly as at March 31, 2012, and its financial performance and its net debt for the year then ended in accordance with Canadian public sector accounting principles.

Jacques Lapointe, CA
Auditor General

December 19, 2012
Halifax, Nova Scotia

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA HOUSE OF ASSEMBLY
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2012

	2012	2011
Financial Assets		
Cash	\$ 3,000	\$ 3,000
Accounts receivable	-	1,310
Due from the General Revenue Fund	<u>763,003</u>	<u>850,690</u>
	<u>766,003</u>	<u>855,000</u>
Liabilities		
Accounts payable and accrued liabilities	<u>1,382,146</u>	<u>1,475,523</u>
Net Debt	<u>(616,143)</u>	<u>(620,523)</u>
Non-financial Assets		
Prepaid expenses	36,365	34,336
Tangible capital assets (Note 3)	<u>579,778</u>	<u>586,187</u>
	<u>616,143</u>	<u>620,523</u>
Accumulated Surplus (Deficit)	<u>\$ -</u>	<u>\$ -</u>

Commitments and Contractual Obligations (Note 4)

Approved

Chair, House of Assembly Management Commission

See accompanying notes to the financial statements.

**PROVINCE OF NOVA SCOTIA
NOVA SCOTIA HOUSE OF ASSEMBLY
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2012**

	2012 Budget	2012 Actual	2011 Actual
Revenues			
Government contributions (Note 5)	\$ 23,116,000	\$ 20,387,470	\$ 20,977,713
Recoveries	<u>-</u>	<u>54,758</u>	<u>138,877</u>
	<u>23,116,000</u>	<u>20,442,228</u>	<u>21,116,590</u>
Expenses			
Advertising	63,300	289,562	411,992
Amortization (Note 2)	-	126,464	119,962
Auto operation & maintenance	4,100	9,601	12,636
Bank fees & charges	-	3,039	2,271
Building maintenance	-	12,323	174,156
Capital purchases (Note 2)	187,000	90,355	102,274
Data processing	8,000	8,887	8,106
Equipment & IT repairs and maintenance	71,300	79,108	67,881
Grants and contributions	35,000	-	-
Insurance	5,200	13,301	12,036
Office supplies	1,154,100	651,406	529,115
Operating supplies	50,000	44,710	56,588
Other	3,350,000	568,099	624,991
Other services	31,700	46,910	49,331
Printing	-	23,277	8,049
Professional services	466,400	432,210	391,923
Rentals and leases	669,100	1,103,984	1,222,999
Salaries and employee benefits	15,452,500	15,265,198	15,685,415
Staff training	24,900	21,881	22,029
Telecommunications	148,500	411,883	461,351
Travel	1,409,900	1,203,925	1,119,392
Utilities	-	36,105	34,093
Less: chargeables	<u>(15,000)</u>	<u>-</u>	<u>-</u>
	<u>23,116,000</u>	<u>20,442,228</u>	<u>21,116,590</u>
Operating Surplus (Deficit)	-	-	-
Accumulated Surplus, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Accumulated Surplus, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the financial statements.

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA HOUSE OF ASSEMBLY
STATEMENT OF CHANGES IN NET DEBT
FOR THE YEAR ENDED MARCH 31, 2012

	2012	2011
Net Debt , beginning of year	\$ <u>(620,523)</u>	\$ <u>(643,056)</u>
Changes during the year		
Acquisition of tangible capital assets	(120,055)	(113,674)
Amortization of tangible capital assets	126,464	119,962
Net change in prepaid assets	<u>(2,029)</u>	<u>16,245</u>
Decrease in Net Debt	<u>4,380</u>	<u>22,533</u>
Net Debt , end of year	\$ <u>(616,143)</u>	\$ <u>(620,523)</u>

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See accompanying notes to the financial statements.

1. Purpose

The House of Assembly is the legislative branch of the provincial Government of Nova Scotia, Canada. The Speaker presides over the proceedings of the Assembly and has jurisdiction over all matters concerning Province House, including operations and administration. There are 52 Members of the House of Assembly (MLAs) representing 52 electoral districts. House of Assembly departments included in these financial statements are the three Caucus Offices, Leaders Offices, Hansard Services, Legislative TV, Legislative Library, House of Assembly Operations, and Legislative Counsel. The Office is also accountable for the payment of all Indemnities, Allowances and Expenses for the Members of the House of Assembly and Members of the Executive Council as provided for by legislation, regulation and government policy.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for the public sector. The following are significant accounting policies adopted by the House.

(a) Use of estimates

The presentation of financial statements, in conformity with Canadian generally accepted accounting principles for the public sector, requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from management's best estimates as additional information becomes available in the future.

(b) Revenue Recognition

Revenues are recognized as earned, once the following conditions have been met:

- a) the item has an appropriate basis of measurement, and a reasonable estimate can be made of the amount involved; and
- b) for an item that involves obtaining future economic benefits, it is expected that such benefits will be obtained.

(c) Harmonized Sales Tax

The House does not record in its financial statements any expense for Harmonized Sales Tax (HST) as all HST paid is reimbursed to the Province.

(d) Capital Purchases

Assets with an individual cost greater than or equal to \$1,000 are capitalized and amortized over their useful lives. Those assets with a cost less than \$1,000 are expensed on the statement of operations.

2. Significant Accounting Policies (continued)

(e) Amortization

Furniture and equipment and computer hardware and software are stated at cost and amortized on a straight-line basis over their estimated useful lives.

- Furniture and Equipment - 10 years
- Computer Hardware and Software - 3 years

(f) Statement of Cash Flows

A statement of cash flows is not provided in these statements as disclosures in the statements of financial position and operations are considered adequate.

3. Tangible Capital Assets

	Cost	2012 Accumulated amortization	Net Book Value	2011 Net Book Value
Furniture and equipment	\$ 1,024,400	\$ 513,923	\$ 510,477	\$ 514,999
Computer hardware and software	<u>660,032</u>	<u>590,732</u>	<u>69,301</u>	<u>71,188</u>
	<u>\$ 1,684,432</u>	<u>\$ 1,104,655</u>	<u>\$ 579,778</u>	<u>\$ 586,187</u>

4. Commitments and Contractual Obligations

Office Space: The government of Nova Scotia has entered into a number of lease agreements for office space for operations of the House of Assembly. The following indicates the various lease terms as well as the associated costs, for the next five fiscal years.

	Start Date	End Date	2013	2014	2015	2016	2017
Liberal Caucus BMO Building	Sep 1, 1998	Nov 30, 2013	\$187,174	\$124,783	\$ -	\$ -	\$ -
NDP Caucus Centennial Building	Apr 1, 1994	Feb 28, 2013	173,070	-	-	-	-
PC Caucus BMO Building	Jun 1, 1998	May 31, 2013	108,115	18,019	-	-	-
			<u>\$468,359</u>	<u>\$142,802</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

4. Commitments and Contractual Obligations (continued)

Copier Equipment: In addition to office space, the House also has a number of copier equipment leases. The following provides a schedule of the costs for the next five fiscal years:

	2013	2014	2015	2016	2017
Various copier leases	\$ 15,066	\$ 8,616	\$ 1,859	\$ 305	\$ -

5. Government Contributions

Appropriations are the principal means by which entities that do not maintain operations from the sale of goods or services to parties outside the government obtain funding. Therefore, certain amounts paid out of the General Revenue Fund of the Province of Nova Scotia, on behalf of the House, are recognized as revenue rather than a liability as there is no intention for the House to repay the fund at a future date.

6. Pensions

Members of the Legislative Assembly (MLA) Pension Plan

Pursuant to Section 11 of the Members' Retiring Allowances Act, all members of the House of Assembly are eligible for a retirement allowance under the MLA pension plan after meeting certain conditions set out therein. The plan is funded by employee and employer contributions. Employer contributions are included in the House's operating expenses in the amount of \$542,554 (2011-\$525,099).

Public Service Superannuation Plan

All employees of the House are entitled to receive pension benefits under the Province of Nova Scotia Public Service Superannuation Act. The plan is funded by equal employee and employer contributions. The employer contributions are included in the House's operating expenses in the amount of \$545,588 (2011-\$571,285). The House is not responsible for any unfunded liability with respect to the Members' Retirement Allowance Fund and the Superannuation Fund.

7. Related Party Transactions

The House of Assembly is related to all other government departments, agencies, boards and commissions included in the Province of Nova Scotia's consolidated financial statements. Its primary source of funding is through the payment of its expenses from the General Revenue Fund. Included in these statements is a receivable from the fund in the amount of \$763,003.

Not reflected in these statements are contributed services from the General Revenue Fund. These include such things as the cost of central administrative services; use of government buildings; corporate payables and payroll deductions; and centralized cash flow management and banking.